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Tunisia

Tunisia produces modest volumes of oil and gas, but these may increase in the future with adequate investment. Information contained in this report is the best available as of September 2001 and is subject to change.



GENERAL BACKGROUND

Tunisia's real gross domestic product (GDP) is expected to continue its high rate of growth of 2000 into 2001. Tunisia's economy is doing well due to the tourism (10% of GDP), communications, and manufacturing sectors, and most importantly, foreign direct investment (FDI). FDI has increased in Tunisia from 488 million Tunisian dinars in 1999 to 1.1 billion Tunisian dinars in 2000, of which 320 million dinars was in the energy sector. Some of the FDI has come from privatizations. Proceeds from privatizations were 1.3% of GDP in 2000, helping to reduce government to debt to 54% of GDP in 2000. In late 2000 the government announced that an additional 41 companies would begin to be privatized in 2001, with proceeds expected to be over \$1.2 billion. Tunisia has also benefited from good macroeconomic management and low inflation - just under 3% in 2000. Despite all this, unemployment remains at high levels, and agricultural production suffered from a drought in 2000, though it looks to rebound from increased rainfall in 2001. A first-quarter trade deficit of 42.3% was reported by the government.

The Tunisian government wants to reduce the budget deficit, but it has feared that budget cuts could increase already-high unemployment. The 2001 government budget was set at \$8.3

billion, a 2.3% increase over the previous year's budget. Current spending, however, rose 7.2% (Tunisian budgets include foreign borrowing in their revenue projections and external debt repayments in expenditure projections). Most of the increase has gone toward health and education, areas in which Tunisia exceeds the levels of development of most other non-oil economies of the region. However, it has been estimated that government administration increased by 6% in 2000. Tax revenues are projected to rise 8.6% in 2001 without a change in rates. A 1995 European Union (EU)-

Tunisia association agreement went into effect in 1998, under which Tunisia is to dismantle its customs barriers to European goods over a 12-year period. On January 1, 2000, tariff barriers were lifted for European manufactured goods on "List 4" (consumer goods which have an equivalent in Tunisia), exposing Tunisian consumer goods to EU competition. Around 75%-80% of Tunisia's exports go to the EU.

In June 2000, Tunisia reportedly agreed with Libya on creation of a free-trade zone, following a meeting between the two countries leaders. The countries also agreed to double their bilateral trade volume, and to the "immediate restart" of flights between the two countries following the United Nation's decision to ease sanctions on Libya. Overall, Libya is Tunisia's leading economic partner in Africa. In May 2001, Egypt, Jordan, Morocco and Tunisia agreed to set up a free trade zone ahead of the 2010 target for trade barriers to end in the Euro-Mediterranean area.

OIL

In 2000, Tunisia produced around 79,000 barrels per day (bbl/d) of oil, nearly all of which was crude oil (1,000 bbl/d was natural gas liquids). This represents a 31% decline from the country's peak oil output, of 114,000 bbl/d, in 1992. However, production is estimated to have risen slightly in the first two quarters of 2001, to 81,000 bbl/d. Nevertheless, domestic petroleum demand is increasing rapidly, and Tunisia became a net oil importer in 2000, for the first time in over 20 years. Because Tunisia's refining capacity is low, the country exports crude oil, and imports refined products. Currently, Tunisia has over 300 million barrels in proven oil reserves, with estimated recoverable reserves significantly higher than that.

Tunisia's state-owned oil company is Enterprises Tunisiennes d'Activites Petrolieres (ETAP). ETAP is seeking to encourage exploration, especially in the northern part of the country, the northern coast, and the Gulf of Hammamet. It believes the development of new, smaller fields in cooperation with independent companies is the way to accomplish this. ETAP expects foreign oil companies to spend \$120 million on exploration in Tunisia this year, versus just \$86 million in 2000. Tunisia reformed its hydrocarbons laws in August 2000, in hopes of attracting just such upstream investment. One of the most important provisions is a reduction in the tax rate from 75% to 50% for foreign firms if ETAP takes a 40% share of the concession. Royalties are fixed at 10% for oil and 8% for gas.

In addition to obtaining self-sufficiency in production for Tunisia, ETAP is pursuing overseas exploration and production. The company is working in Syria with Preussag of Germany to develop small oilfields and is studying possibilities in Yemen and Iraq. In January 2001, Tunisian Industry Minister Moncef Ben Abdallah met with undersecretary of the Iraqi Oil Ministry Fay'iz Abdallah Shahin to discuss cooperation in petroleum development. ETAP has a joint venture with Sonatrach of Algeria to explore a border area and also with Libya's National Oil Company exploring an offshore block.



Tunisia's largest oilfield is El Borma, discovered in 1964 near the Algerian border. Its production is 19,920 bbl/d. Ashtart (production 16,840 bbl/d) is the only other oilfield with proven and estimated reserves over 100 million barrels. About 75% of Tunisian oil production comes from these two fields and the Sidi El Kilani field (13,260 bbl/d). The Al Manzah field started production at 4,000 bbl/d in October 2000. Centurion of Canada is the operator. In July 2001, Dallas-based Pioneer Natural Resources Company announced that subject to Tunisian government approval its subsidiary, Pioneer Natural Resources Anaguid Ltd., has entered into definitive agreements with Coho Anaguid, Inc., a subsidiary of Coho Energy, Inc., Anadarko Tunisia Anaguid Company, an indirect wholly-owned subsidiary of Anadarko Petroleum Corporation, and Nuevo Energy Company to jointly acquire Coho's 45.83% participating interest in the Anaguid permit in the Ghadames basin onshore southern Tunisia. Pioneer will join Anadarko, the operator of the permit, and Nuevo in

exploring the 1.1-million-acre permit. Earlier, in May 2001, Pioneer began building a position in Tunisia when it acquired a 50% stake in three permits covering 2.7 million acres in the Ghadames basin from Eurogas of Calgary in return for drilling two wells in the area at a cost of \$5.2 million. An important discovery of the past year was the Oued Zaar (Tataouine) field, with estimated reserves of 15 million barrels. ETAP's strategy and planning director was quoted as saying in March 2001, that Tunisia has no plans to hold further licensing rounds, but will instead work with interested companies on a case-by-case basis.

The 22,000-bbl/d, 78-mile pipeline between the Sidi El Kilani oilfield and the port of Skhirra was inaugurated in March, 2001.

GAS

Tunisia has 2.8 trillion cubic feet (Tcf) of proven natural gas reserves, and produced 67 billion cubic feet (Bcf) of natural gas in 1999. The majority of Tunisia's gas comes from the 1-Tcf Miskar field in the offshore Amilcar permit. Tunisia has four other small producing gas fields (El Franning, El Borma, Baguel, and Zinnia) that together produced almost all of the remainder of domestic production. BG, the largest investor in Tunisia's energy sector and the operator of the Miskar field, has agreed to supply a large proportion of Tunisia's domestic gas requirements through 2020. Miskar currently produces over 168 million cubic feet per day (Mmcfd) of gas, which supplies around 65% of Tunisia's total daily gas demand, and this is being expanded in several phases over five years at a cost of \$120 million, with production at the end of 2001 expected to be around 200 Mmcfd and peaking at 230 Mmcfd before a decline sets in around 2009. BG also is planning on developing the Hasdrubal natural gas and gas condensate field at a cost of \$330 million and conducting further exploration for hydrocarbons over a 12-year period. The Tunisian government has decided to delay production from the Hasdrubal field until 2007, in advance of the decline of the Miskar field. BG is conducting exploration and is considering development of the Jugutha gas field. Finally, BG is

looking at developing compressed natural gas as a vehicle fuel, especially for public transport, in Tunisia.

Baker Hughes reportedly is farming out 75% interests in its oil and gas concessions in northern Tunisia and northern Egypt. This includes the offshore Zembra block, which incorporates most of the Gulf of Tunis, and in which it holds a 100% interest (after Maxus Energy relinquished its share and operatorship in June 1998).

A gas pipeline also is set to link [Libya](#) and Tunisia by 2003, with Libyan gas supplies being sold to Tunisia. The Transmediterranean pipeline that transports 25 Bcf [Algerian](#) natural gas to Italy per year runs through Tunisia. Tunisia receives some royalties from this pipeline as payment for access through its territory.

ELECTRICITY

Tunisian power demand is growing rapidly, at an estimated 7% annually. Recent census figures indicate that around 94.6% of Tunisian homes had access to electricity in 1999, up sharply from 85.9% in 1994. Around 97% of Tunisian power generating capacity is thermal (oil and gas), with the rest mainly hydropower.

In late 1999, financing on the \$250-million Rades, 471-megawatt (MW), gas-fired power project was completed. A consortium comprised of U.S.-based PSEG (35%), Sthe Energies (32.5%), and Japan's Marubeni (32.5%) is developing the project on a 20-year build, own, and transfer (BOT) basis. Rades - Tunisia's first independent power plant -- is expected to become operational by January 2002. Gas for the Rades plant is to be supplied from various Tunisian sources. Tunisia's state-owned gas and power company, STEG (Societe Tunisienne de l'Electricite et du Gaz) has signed a 20-year power-purchase agreement with the consortium building Rades. BG is planning to build a \$200-million, 500-MW power plant near Sfax that will use gas from the Miskar, and eventually, Hasdrubal fields. BG will likely partner with STEG or ETAP, and the facility should be operational in 2006.

Libya and Tunisia are working on linking their electricity grids after a meeting of Arab energy ministers in April 2001, emphasized the importance of completing the project of linking all Arab countries' electricity grids. Red Electrica of Spain and Transenergie of Canada have been awarded a contract to advise the two governments on implementing the connection.

Sources for this report include: Africa Energy and Mining, Africa News, Africa Oil and Gas, Agence France Presse; Alexander's Gas and Oil Connections, AP Worldstream, BBC Summary of World Broadcasts, Dow Jones, Economist Intelligence Unit (EIU) Viewswire, Financial Times, Hart's Africa Oil and Gas, Middle East Economic Digest (MEED) Weekly and Quarterly Special Reports, Middle East Newsfile, Nimir Petroleum Co., Petronas; PR Newswire; Project Finance, WEFA

COUNTRY OVERVIEW

Chief of State: President Zine El Abidine Ben Ali (since November 7, 1987)

Prime Minister: Mohamed Ghannouchi

Independence: March 20, 1956 (from France)

Population (7/00E): 9.6 million

Location/Size: Northern Africa, bordering the Mediterranean Sea, between Algeria and Libya/163,610 square kilometers (63,170 square miles), slightly larger than Georgia

Major Cities: Tunis (capital), Sfax

Languages: Arabic (official and one of the languages of commerce), French (commerce)

Major Ethnic Groups: Arab (98%), European (1%), Jewish and other (1%)

Religion: Muslim (98%), Christian (1%), Jewish and other (1%)

Defense (1997E): Army (27,000), Navy (4,500), Air Force (3,500), Paramilitary Forces (12,000)

ECONOMIC OVERVIEW

Minister of Finance: Taoufik Baccar

Currency: Tunisian Dinar (Dh)

Market Exchange Rate (9/12/01): US\$1 = 1.44 Dh

Gross Domestic Product (GDP) (2000E): \$19.6 billion

Real GDP Growth Rate (2000E): 5% **(2001F):** 6.5%

Inflation Rate (2000E): 2.9% **(2001F):** 2.7%

Unemployment Rate (2000E): 16.3%

Current Account Balance (2000E): -\$0.69 billion

Major Trading Partners: European Union (France, Italy, Germany), United States

Merchandise Exports (2000E): \$5.8 billion

Merchandise Imports (2000E): \$8.2 billion

Merchandise Trade Balance (2000E): -\$2.3 billion

Major Export Products: Hydrocarbons, textiles, agricultural products, phosphates, chemicals

Major Import Products: Industrial goods and equipment, hydrocarbons, food, consumer goods

Total External Debt (2000E): \$10.8 billion

ENERGY OVERVIEW

Minister of Industry: Moncef ben Abdallah

Proven Oil Reserves (1/1/01E): 308 million barrels

Total Oil Production (2000E): 79,000 bbl/d (nearly all crude)

Oil Consumption (2000E): 86,000 bbl/d

Net Oil Imports (2000E): 7,000 bbl/d

Crude Refining Capacity (1/1/01E): 34,000 bbl/d

Natural Gas Reserves (1/1/01E): 2,750 billion cubic feet (Bcf)

Natural Gas Production (1999E): 67 Bcf

Natural Gas Consumption (1999E): 106 Bcf

Net Natural Gas Imports (1999E): 39 Bcf

Recoverable Coal Reserves (12/31/96): None

Coal Consumption/Imports (1999E): None

Electric Generation Capacity (1/1/99E): 2 gigawatts (97% thermal, 3% hydroelectric)

Electricity Generation (1999E): 9.2 billion kilowatthours (bkwh)

ENVIRONMENTAL OVERVIEW

Minister of Environment and Land Development: Mohamed Nabli

Total Energy Consumption (1999E): 0.29 quadrillion Btu* (<0.1% of world total energy consumption)

Energy-Related Carbon Emissions (1999E): 5.1 million metric tons of carbon (0.12% of world total carbon emissions)

Per Capita Energy Consumption (1999E): 31.0 million Btu (vs. U.S. value of 355.8 million Btu)

Per Capita Carbon Emissions (1999E): 0.5 metric tons of carbon (vs. U.S. value of 5.5 metric tons of carbon)

Energy Intensity (1999E): 15,670 Btu/\$1990 (vs. U.S. value of 12,638 Btu/\$1990)**

Carbon Intensity (1999E): 0.27 metric tons of carbon/thousand \$1990 (vs. U.S. value of 0.19 metric tons/thousand \$1990)**

Sectoral Share of Energy Consumption (1998E): Industrial (40.3%), Transportation (21.0%), Residential (29.7%), Commercial (9.0%)

Sectoral Share of Carbon Emissions (1998E): Industrial (43.9%), Transportation (27.6%), Residential (18.5%), Commercial (10.0%)

Fuel Share of Energy Consumption (1999E): Oil (57.9%), Natural Gas (41.3%), Coal (0.0%)

Fuel Share of Carbon Emissions (1999E): Oil (61.7%), Natural Gas (38.3%), Coal (0.0%)

Renewable Energy Consumption (1998E): 42.6 trillion Btu* (6% increase from 1997)

Number of People per Motor Vehicle (1998): 15.6 (vs U.S. value of 1.3)

Status in Climate Change Negotiations: Non-Annex I country under the United Nations Framework Convention on Climate Change (ratified the Convention on July 15, 1993). Not a signatory to the Kyoto Protocol.

Major Environmental Issues: Toxic and hazardous waste disposal, water pollution from raw

sewage, limited fresh water resources, deforestation, overgrazing, soil erosion, desertification.

Major International Environmental Agreements: Party to agreements on Biodiversity, Climate Change, Desertification, Endangered Species, Environmental Modification, Hazardous Wastes, Law of the Sea, Marine Dumping, Nuclear Test Ban, Ozone Layer Protection, Ship Pollution, and Wetlands.

* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar, wind, wood and waste electric power. The renewable energy consumption statistic is based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

**GDP based on EIA International Energy Annual 1999

OIL AND GAS INDUSTRIES

Organization: Tunisia's oil industry is regulated by the Ministry of Industry. ETAP is the state-owned petroleum company; STEG (Societe Tunisienne de l'Electricite et du Gaz) the state-owned gas and power company; SNDP (Societe Nationale de Distribution du Petrole is the national fuel distribution and marketing company.

Major Oil Fields: Ashtart, Bouri, El Borma, Ghadames Basin, Hasdrubal, Salambo, Sidi el Kilani

Refineries (capacity-bbl/d): Ste. Tunisienne Industries des Raffinage -- Bizerte (34,000)

Ports: Bizerte, Gabes, La Goulette, Sfax, Skhira, Sousse, Tunis, Zarzis

Major Foreign Energy Company Involvement: Agip, Anadarko, British Gas, Centurion, CMS Oil and Gas, EHT, Elf, Esso Tunisia, Kufpec, Marathon Oil, Mobil, Neste Oy, Nuevo Energy, Petro-Canada, Phillips Petroleum, Pluspetrol, Shell, Total, Union Texas Petroleum

Links

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Links to other U.S. government sites:

[2000 CIA World Factbook - Tunisia](#)

[U.S. Department of Energy's Office of Fossil Energy's International section - Tunisia](#)

[U.S. State Department's Consular Information Sheet - Tunisia](#)

[U.S. State Department Country Economic Report](#)

[U.S. Embassy in Tunisia](#)

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[Enterprises Tunisienne d'Activites Petrolieries \(ETAP\)](#)

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[University of Texas at Austin Center for Middle Eastern Studies - Tunisia](#)

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[Arab World Online -- Tunisia](#)

[Mbendi -- Tunisia Oil Industry Profile](#)

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